

Leduc Annexed Residential Properties

Cancellation of Tax Penalties

Recommendation

That Executive Committee recommend to City Council:

That 2020 penalties totalling \$8,385.66 on Leduc Residential Annexed Properties, as outlined in Attachment 1 of the April 26, 2021, Financial and Corporate Services report FCS00470, be cancelled.

Previous Council/Committee Action

At the February 8, 2021, City Council meeting, the following motion was passed:

2. That Administration provide a report to Committee, cancelling any 2020 penalties on residential properties within the Leduc annexed area that have had an increase in taxes for 2020.
3. That Administration provide a report to Committee, outlining the cancellation that would be required under section 347 of the *Municipal Government Act*, for properties that are successful in an assessment appeal in 2021, in accordance with Option 2, as outlined in the February 1, 2021, Financial and Corporate Services report FCS00021rev.

Executive Summary

On February 8, 2021, Council made four motions in relation to Leduc County annexed properties. Two of those motions were to return to Executive Committee in the fourth quarter of 2021. Administration can, however, immediately recommend cancellation of the 2020 penalties on residential properties within the Leduc annexed area that experienced a tax increase. In the interests of customer service and to reflect Council's direction on the 2021 tax notices, Administration is bringing forward this report recommending the immediate cancellation of 2020 penalties for qualifying properties.

Report

On February 8, 2021, Council made four motions in relation to Leduc County annexed properties. Two of those motions were to return to Executive Committee in the fourth quarter of 2021. Administration can, however, recommend cancellation of the 2020

penalties on residential properties within the Leduc annexed area that experienced a tax increase immediately.

Of the 204 residential tax accounts in the Leduc County annexed area, 12 have qualifying penalties or arrears penalties applied during the 2020 taxation year. Cancelling these penalties will result in a rebate of \$8,385.66 along with any associated 2021 arrears penalty accumulated on those amounts. A detailed breakdown of each account and its associated penalty forgiveness is included in Attachment 1.

In the interests of customer service and to reflect Council's direction on 2021 tax notices, Administration is bringing forward this report recommending the immediate cancellation of 2020 penalties for qualifying properties. The information can then be added to the May property tax notifications.

As per Council's direction, qualified accounts only include those that experienced a tax increase on their residential tax amount. If the 2020 residential tax amount was greater than the 2019 tax amount, all penalties, including those on the farmland or non-residential components of the property, are included to be cancelled. Properties that received penalties in 2020, but where the residential portion experienced a tax decrease or where there was no residential component, do not qualify for penalty cancellation.

In the fourth quarter of 2021, Administration will return with a report addressing the other part of Council's motion that will adjust property owner's 2020 tax requisition based on the results of the 2021 Assessment Review Board decisions.

Corporate Outcomes and Performance Management

Corporate Outcome(s): The City of Edmonton has a resilient financial position			
Outcome(s)	Measure(s)	Result(s)	Target(s)
Property taxes are fairly distributed in accordance with provincial standards and market value principles	Average Assessment to Sales Ratio across four quartiles (Single-Family Res)	1.00	0.95 - 1.05
	Average Coefficient of Dispersion across four quartiles (Single Family Res)	6.35%	<= 15%

Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score (with current mitigations)	Current Mitigations	Potential Future Mitigations
Public Perception	Edmontonians may perceive that penalty forgiveness of annexation residents is inequitable	4	1	4	Council's deliberation and decision were made transparently in public with the opportunity for public input. Reports, minutes and video are available online.	Further explanation may be required on an ad hoc basis
Public Perception	Non-qualifying Leduc County annexed property owners may perceive an inequity in approach as they either paid on time or did not qualify for the program	5	2	10	Council's deliberation and decision were made transparently in public with the opportunity for public input. Reports, minutes and video are available online.	Further explanation may be required on an ad hoc basis

Attachment

1. Leduc Annexed Residential Properties Cancellation Amounts

Others Reviewing this Report

- C. Owen, Deputy City Manager, Communications and Engagement
- S. McCabe, Deputy City Manager, Urban Form and Corporate Strategic Development
- K. Fallis-Howell, Acting City Solicitor